

# City of Mesa Healthcare Feasibility Study



# **Mesa Healthcare Feasibility Study**

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## 1. EXECUTIVE SUMMARY

The ultimate goal of the healthcare feasibility study is to identify potential growth strategies, given the current healthcare environment, with an initial focus on a 25-acre redevelopment site in Downtown Mesa. Phase 1 of this analysis, which is the focus of this report, lays the groundwork by evaluating the need for additional healthcare services based on expected population growth and existing healthcare providers and assets. Phase 2 of the feasibility study will analyze the marketability of the 25 acre redevelopment site and provide a long-term healthcare strategy plan for the City which will specify how the City should move forward.

Based on the asset inventory and interviews with area healthcare providers, Mesa has a strong healthcare position with minimal gaps in service. The only area that is somewhat concerning is physician coverage. Mesa is one of the few cities to offer strong community medicine along with general hospital services, critical care and emergency services, full-service pediatrics, a specialty heart hospital, dedicated orthopedic facilities, world-renowned cancer treatment, outpatient diagnostics and treatment, subacute care, and educational services for nursing, ancillary support, and physicians.

A bed and physician gap analysis was conducted and produced the following findings:

- There is enough hospital capacity within the Primary Market Area (PMA) of Downtown Mesa to serve the local residents through 2011-2012, but additional beds may be necessary by 2013. Local hospital providers are not planning additional beds at this time, however, because they are expensive to build (\$1 million per bed) and the true impact of healthcare reform is currently unknown.
- Mesa has a deficit of 122 physicians. These shortages are in nearly every physician specialty with a few exceptions. Primary care (*Family/General Practice, General Internal Medicine, Pediatrics, and Obstetrics/Gynecology*) represents 60 percent of the physician shortfall followed by Psychiatry at 20 percent.

In order to strengthen the physician supply, Mesa may want to consider supporting hospital physician recruitment activities, providing funding for medical residents and/or facilitating the development of secondary education programs geared toward medical careers. Should the City choose to provide financial support via loans or grants to physicians or medical students, in exchange the City may be able to require that the recipient practice in the City for a specified period of time.

### Opportunities

The sheer breadth of healthcare services and level of expertise in Mesa present many interesting opportunities for growth and development – what’s missing is a broad healthcare strategy and the resources to pull it all together. Funding is perhaps the area of greatest concern for local healthcare providers. The healthcare reform legislation coupled with the state’s budget crisis has the potential to cripple small healthcare systems. Fortunately, Mesa has a strong foundation and is served predominantly by Banner Health and IASIS Healthcare, two multi-state healthcare systems.

From this work, it is clear that Mesa has several healthcare “gems,” making it unique in comparison to its neighboring cities.





- One is the breadth and depth of high quality services including training. These programs give Mesa the backbone upon which to build a healthcare strategy. It is important to realize that without this strength attracting national players or medical tourists would be extremely difficult, as routine healthcare drives and supports specialty services.

Wellness and fitness are major tenets of the healthcare reform legislation. Local healthcare providers, especially Abrazo Health Care, are extremely interested in expanding into this realm. **The 25-acre Downtown site would be a good location for a medical fitness and wellness facility, or a healthplex.** These centers typically combine all of the amenities of an upscale fitness club with world-class medical expertise, and are designed to promote optimal health to keep people out of the hospital. Inside a healthplex is an array of fitness equipment and programs to restore health and provide rehabilitative care. In addition, they typically house physician offices, diagnostic equipment, healthy restaurants, spa facilities, and educational services. The population of Mesa would be well served by this type of facility.

- M.D. Anderson is the world leader in cancer care and is expected to open in the fall of 2011 in Gilbert, on the Mesa line. This facility is one of four centers worldwide, and is expected to attract people from around the globe for cancer treatment and research. In the short run, **there is an opportunity for Mesa to work with M.D. Anderson and possibly Gilbert to develop the necessary hotels, temporary housing, restaurants, entertainment, retail, etc.** to support and cater to a diverse, out-of-state population. Ultimately, M.D. Anderson will attract clinical research, biotech start-ups, and/or cancer-related vendors to the general area providing a significant opportunity for Mesa.
- **Banner's Simulation Medical Center (Sim Center) has perhaps the greatest potential to become a major draw for Mesa.** It is one of the largest simulation training centers in the world. The 55,000 square foot facility is currently used to train predominantly Banner's employees. The potential exists to broaden its mission and scope to support: community college education, physician vendor-related training or national association events; continuing medical education; the testing of new clinical devices, products, and furnishings; new graduate training for nurses and other clinical personnel; and hospital orientations.

**Preliminary discussions with Banner indicate a strong interest in developing the Sim Center to its fullest potential.** Achieving this objective would bring medical tourists to Mesa, which would generate business for convention facilities, the hospitality industry, aviation, transportation industry, retail, restaurants, and tourist attractions. It may also draw vendors and other organizations to locate in Mesa. A good next step would be for Mesa to facilitate an initiative with Banner to study the feasibility of expanding the Sim Center's mission. The plan would describe the proposed services including a high-level master site plan. It would also discuss potential partners, real estate requirements, and operational structure; including the City's role, and financial viability.



- **Fostering a relationship with the Mayo Clinic would be very exciting for the City as the program is well-known nationally and internationally by military flight surgeons and pilots.** While the program is fairly focused, it too has the potential to draw educational meetings to Mesa along with biotech start-ups, vendors, and people from around the globe.

- Cardon Children's Hospital recently opened at Banner Desert Medical Center. While it currently serves local families, the plan over the next three to five years is to draw patients and their families from neighboring states. **Mesa may want to work with Banner to understand how it could support this development.**

These are a number of opportunities that Mesa may wish to consider pursuing.

### Next Steps

Cultivating these local opportunities could be the first step to establishing Mesa as a "Healthcare City" dedicated to 21<sup>st</sup> Century healthcare that is information and research-driven, and is integrated into everyday life. This type of vision would require the integration of: personal health portals; medical fitness and wellness facilities; locally deployed outpatient services; medical training and education; and centers of excellence. The "Healthcare City" designation would make it clear locally and beyond that Mesa is dedicated to integrating the latest research into healthcare delivery and is a provider of next generation healthcare.

An example Mesa may want to study as it evaluates various opportunities is Lake Nona Medical City near Orlando, Florida. Lake Nona's vision began in 2006 by the Tavistock Group, a privately held investment company with diverse holdings in real estate, life sciences, financial services, oil and gas, manufacturing, and retail. Lake Nona began as a 7,000-acre master planned community near Orlando International Airport. The goal was to develop a Regional Impact Area that would have more than 9,000 residences and 6.5 million square feet of retail, life science and commercial space. Fast forwarding to 2010, the healthcare and biotech components of Lake Nona Medical City will feature:

- Nemours Children's Hospital (scheduled to open in 2012)
- M.D. Anderson Orlando's Cancer Research Institute (opened October 2009)
- Orlando VA Medical Center, which will include the national Medical Simulation Center for the Department of Veterans Affairs (scheduled to open in 2012)
- University of Central Florida's new College of Medicine and Health Sciences campus (classes begin in the fall of 2010)
- Burnham Institute for Medical Research's east coast campus (opened May 2009)
- University of Florida research facility (scheduled to open in 2012)

According to a recent article in Realty Times (April 2010), Lake Nona Medical City is projected to bring 30,000 jobs to Orlando and have a \$7.6 billion impact on the economy. While Lake Nona is still under development, its success thus far has been attributed to strong medical leadership, facilitated implementation, local community business support, and government involvement. The President of Orlando's Central Florida Partnership, Jacob Stuart, commented that *open public venues helped generate the broad community support that was essential to creating the Medical City* – a change from the City's traditional behind-the-scenes meetings and promises with select organizations.

This example clearly shows that success will require Mesa to have a long-term view and be committed to building and growing healthcare services over decades. Said differently, the healthcare strategy must be engrained into Mesa's economic development plan and the City must have a staff position that focuses on or specializes in this industry. Strong leadership will also be required along with an implementation mentality.

Finally, Mesa should pursue Phase 2 of this feasibility study and prepare a long-term healthcare strategy plan for the City building upon the healthcare assets described above. The plan will define what the City



is trying to accomplish, or its healthcare vision, analyze the marketability of the 25 acre redevelopment site, and specify how the City will move forward. A coordinated planning effort beginning with the long-term vision in mind with separate business plans for achieving it is a reasonable approach. The main barriers for Mesa will be funding and focused leadership/project management with industry expertise and the ability to facilitate the integration of multiple organizations with differing goals. Successful implementation will also require dedicated City leadership for years to come.